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LEO THOMAS LONKAY, DOB 4/13/95, at Cseklesz, Hungary, test before HCUA on 3/17/59, at Washington, D.C., in Executive on. A copy of this testimony is enclosed for the Bureau and the New York Division.

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EXECUTIVE SESSION

HEARINGS

BEFORE THE

COMMITTEE ON UN-AMERICAN ACTIVITIES

HOUSE OF REPRESENTATIVES

EXECUTIVE TESTIMONY
DO NOT DISSEMINATE

Date March 17, 1959

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TABLE OF CONTENTS

House of Representatives

Washington, D. C.

Subcommittee of the Committee
on Un-American Activities

March 17, 1959

PAGE

Testimony of Leopold Thomas Lonkey 178

EXECUTIVE SESSION --CONFIDENTIAL--

TUESDAY, MARCH 17, 1959

House of Representatives,

Subcommittee of the Committee
on Un-American Activities,

Washington, D. C.

The subcommittee met, pursuant to notice, at 10:10 a.m.,
in room 226, Old House Office Building, the Honorable Clyde
Doyle presiding.

Present: Representatives Doyle and Tuck.

Also Present: Richard Arens, Staff Director; and Donald
T. Appell, Investigator.

Mr. Doyle. The subcommittee will please come to order.

Mr. Arens, call your witness.

Mr. Arens. Mr. Lonkay, would you remain standing while
Mr. Doyle administers an oath to you, sir?

Mr. Doyle. Do you solemnly swear to tell the truth, the
whole truth, and nothing but the truth, so help you God?

Mr. Lonkay. So help me God.

Mr. Doyle. Let the record show that we are meeting as a
subcommittee this morning of the full Committee of the House Un-
American Activities Committee of 9 members, the subcommittee

being Messrs. Scherer, Tuck, and Doyle with Mr. Doyle acting as subcommittee chairman. Messrs. Tuck and Doyle are present; therefore a legal quorum of the subcommittee of 3.

So let us proceed.

Are you ready, Mr. Arens?

TESTIMONY OF LEOPOLD THOMAS LONKAY

Mr. Arens. Would you kindly give us your full name?

Mr. Lonkay. Leopold Thomas Lonkay.

Mr. Arens. And where and when were you born, sir?

Mr. Lonkay. I was born in Cseklesz, in Hungary, April 13, 1895.

Mr. Arens. When did you enter the United States for permanent residence?

Mr. Lonkay. I guess it was around May in '41, I guess, or April '41. I am not quite sure about that.

Mr. Arens. When and where were you naturalized?

Mr. Lonkay. In White Plains, that is, the supreme court in White Plains in Westchester, New York State.

Mr. Arens. When, please, sir?

Mr. Lonkay. I guess in '46, around '46.

Mr. Arens. In what business were you engaged prior to leaving Hungary?

Mr. Lonkay. I had my own business, a chain store, high-class grocery business, and I was in partnership with my brother. We had chain stores in Budapest, about 20 with our own coffee

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roasting plant and tea mixing plant and everything we sold and our own labor.

Mr. Arens. Tell us, please, sir, what was your principal occupation after you arrived in the United States.

Mr. Lonkay. I was with the Office of War Information during the war in New York and stayed there until the war was over, I guess 6 months longer, and then it was taken over by the State Department. I couldn't have been taken over because at that time I was not a citizen.

Mr. Arens. All right, sir. Your next principal occupation?

Mr. Lonkay. As to the next principal occupation, then I went into my own business and established the Globus Trading Corporation.

Mr. Arens. Would you give us just a word of background about the Globus Trading Corporation?

Mr. Lonkay. The Globus Trading Corporation, originally, well it was coffee, mainly a coffee business. We started it because it coincided with the liberation of Hungary. My brother stayed during the war in Hungary and carried on the business and when I heard about his survival and that he is going to start the business again, the coffee business, I shipped the first carload of coffee to Hungary.

Mr. Arens. Would you kindly tell us when you organized the Globus Trading Corporation?

Mr. Lonkay. It was around '46 or '47. '47 I guess.

Mr. Arens. It was a corporation?

Mr. Lonkay. Yes.

Mr. Arens. And you were the principal owner, were you not?

Mr. Lonkay. Yes.

Mr. Arens. Can you give us the names of the other principal owners?

Mr. Lonkay. Yes. It was Leslie Ronay and his partner -- what was his name? I don't recall his name. I don't recall his name. It was a very short partnership because he left this organization after a year or so and I remained the sole owner.

Mr. Arens. Is it a New York corporation?

Mr. Lonkay. Yes.

Mr. Arens. Can you give us a little bit more of the background of Globus Trading Corporation?

Mr. Lonkay. Yes. Now at that time when we started Globus did quite an extensive export business to China, and we exported, well, at that time all kinds of merchandise, coffee, chemicals, and anything, even cigarettes, that they wanted in China. That went on until General Marshall came back from China and there were some financial difficulties which started at that time and that stopped the whole business.

Mr. Arens. What were your arrangements between Globus Trading Corporation and the then government of Hungary?

Mr. Lonkay. That was an arrangement with IKKA.

Mr. Arens. Tell us what IKKA is.

Mr. Lonkay. IKKA is the government organization. It was everything. Originally, before we came in contact with IKKA after I shipped the carloads of coffee to Hungary, they couldn't pay for that coffee, so I got the idea that I would change the whole system and use the coffee as a gift parcel sent by American relatives to Hungary and that would be distributed through our organization in Hungary. That was before the Communists took over Hungary. That went all along very well, but after 2 years, I guess, the Communists came to power and they confiscated the whole business, my brother's business and my partnership in that business as well, and they simply state that they are going to continue now that gift parcels business.

Instead of my brother and my own business in Hungary, which was called Fiumel Import Company in Budapest, they confiscated that and they took my brother-in-law, who was running the business, even in prison at that time just under false pretexts in order to extort the business from my brother who was in Switzerland at that time. He got some information, I guess, that some action would be started.

Mr. Arens. Prior to the time that the Communists took over in Hungary, did you have agents throughout the United States who solicited business for you?

Mr. Lonkay. Oh, yes. I advertised in the Hungarian papers here this gift parcel business for Hungary which was shipped in bulk in carloads.

Mr. Arens. Give us an approximation of the commission which was paid to you on orders for parcels shipped to the Hungarian citizens.

Mr. Lonkay. Well, originally I didn't get a commission because I was the owner. I paid commissions to the agents. I paid commission to the distributor in Hungary, to the Fiumei Import Company.

Mr. Arens. What percentage of the commission was paid to these agents?

Mr. Arens. How did you line up or obtain your agents?

Mr. Lonkay. I just advertised in the paper and then I got letters and even recommendations through one agent for the other. I had a friend who has a Hungarian advertising agency in New York, and he had some connections, contacts, and friends all over the country, and he advised me through whom to contact.

Mr. Arens. This 10 percent was 10 percent of the value of the merchandise, is that correct?

Mr. Lonkay. Yes.

Mr. Arens. What service did you render for that 10 percent?

Mr. Lonkay. That I paid to the agents, the 10 percent.

Mr. Arens. What service did they render for the 10 percent?

Mr. Lonkay. They collected the orders in the community or in their part of the country, and they sent it to me, to New York. They sent the orders to New York and that was all that they did.

Mr. Arens. After the Communists took over in Hungary, is that

when IKKA came into being?

Mr. Lonkay. Yes.

Mr. Arens. Did you have a contractual arrangement with IKKA?

Mr. Lonkay. Then when they took over, they sent a man who was a commercial attache, a so-called commercial attache, of the Hungarian communistic government, to see me in New York to make some arrangements for the future because they needed my organization here in New York badly to continue that business.

Mr. Arens. Tell us the essence of the arrangements you then had with the Communist government via their representative in New York.

Mr. Lonkay. Yes. Then we made an arrangement, and they paid me 20 percent at that time for the agency activities. So I sent them the orders which I got partly direct from my customers and partly through my sub-agents in the country and to whom I paid 10 percent.

Mr. Arens. When did IKKA start?

Mr. Lonkay. I guess it was in early '49, I guess.

Mr. Arens. Tell us of the supervision or control that IKKA exercised over the operation of the Globus Trading Corporation.

Mr. Lonkay. Nothing whatsoever.

Mr. Arens. Can you recount the difficulties, if any, which you experienced over the years with IKKA?

Mr. Lonkay. We had, of course, ups and downs in the business and they tried to impose certain regulations, strictly with the

business of course. I mean by that the fixing of the prices, that was always the trouble. They just went up with the prices without any indication whatsoever. We couldn't do anything against that. We tried. We even one time stopped the whole business because they raised the prices from one day to another by 100 percent.

Mr. Arens. You IKKA did that to you in your business?

Mr. Lonkay. Yes. They raised it by 100 percent so we stopped the whole thing. They simply knew that if we wanted to continue the business we would have to do it on their terms.

Mr. Arens. May I let the record be clear?

Mr. Lonkay. Yes.

Mr. Arens. Prior to the time the Hungarian government was taken over by the Communists, you were experiencing no unusual difficulties in your parcel business, were you?

Mr. Lonkay. With the Hungarian government?

Mr. Arens. That is right.

Mr. Lonkay. No, because there were no Communists there, of course not.

Mr. Arens. When the Communists took over, they increased the prices by over 100 percent?

Mr. Lonkay. Certainly.

Mr. Arens. Prices they increased were to be paid by American citizens who were sending food parcels into Hungary?

Mr. Lonkay. Yes.

Mr. Arens. Is that correct?

Mr. Lonkay. Of course. I myself considered myself always a trustee of the American Hungarians who are really sacrificing their savings to support their relatives in Hungary. They are trying to extort as much as they could without any indication -- it is typical. I am just explaining their policy. The housewives bought and wrote to their relatives, "Send me these articles. We are making jumpers, clothes." And that went through. And they raised it 100 percent. The people want that, you know.

Mr. Arens. Did your commissions remain the same?

Mr. Lonkay. No.

Mr. Arens. Even if the prices went up?

Mr. Lonkay. No. They cut the commission after awhile. They just squeezed everybody who ever was in contact by 100 percent down to 10 percent. The commission again was 10 percent.

Mr. Arens. The Communist government did that to you?

Mr. Lonkay. Yes. We had to reduce the commission to our sub-agents here accordingly from 10 percent to 5 percent.

Mr. Arens. Can you tell us what transpired in your operations during the Hungarian Revolution?

Mr. Lonkay. During the Hungarian Revolution in '56?

Mr. Arens. Yes.

Mr. Lonkay. Then the situation was so that we were stuck with about, well quite a large amount of money which we had to pay. Originally I paid on a letter of credit basis. I didn't

trust them or pay them in advance. Unfortunately I couldn't go get cooperation from the other agents which were here for IKKA. There were 2 more agents here. I wanted to persuade them to go along with me and stick to the letter of credit arrangement so that we don't have our money paid in advance. They didn't go along with me, and I was forced out of that. They were in favorable position which was in favor of American-Hungarians here because I knew their money wasn't jeopardized because their money wasn't in the bank in Switzerland until they delivered the delivery slips. So I had to get out of that.

Now we got stuck \$40,000 or \$50,000 when the Revolution started. We paid in advance and they didn't deliver the merchandise. So I again went back to the letter of credit system. I got back again other merchandise. I don't know. There were 2 others, Brownfield and Brack. I went over to Vienna and talked with people. I made some arrangements. I guess I gave them some money to start again to run because one fellow told me he is taking some extra money. Would I join? I said I won't. I am no fool. On the contrary I won't give them any money until the obligations are settled.

But anyhow they started again, and I stopped, too, the letter of credit.

Mr. Arens. Did the IKKA demand any loans?

Mr. Lonkay. Yes.

Mr. Arens. Tell us about that.

Mr. Lonkay. They wanted even before, around Christmas, they always came around and wanted advance money for the Christmas business, and I told them bluntly, "If you don't have money to run your own business, I can't do that because that money is not my own, that is money in trust with me and money of the customers who have to get gift parcels for that. They can't finance your business." I know they got some money.

Mr. Arens. Did IKKA maintain offices in New York City?

Mr. Lonkay. No. I don't think so.

Mr. Arens. They had only one man?

Mr. Lonkay. They didn't have here. What do you mean office, their own?

Mr. Arens. Yes. Whom did you contact, converse with with respect to operations here representing the Hungarian Government?

Mr. Lonkay. Nobody.

Mr. Arens. Was all the correspondence with IKKA in Hungary?

Mr. Lonkay. Yes.

Mr. Arens. Mr. Lonkay, the committee has received the periodical filings here which we have been studying under the Foreign Agents Registration Act and in tabulating the filings set forth on these individual returns it appears that during the period from October, 1951 until May, 1957, you forwarded to IKKA to pay for parcels delivered to their warehouses \$2,321,712.46?

Mr. Lonkay. Yes.

Mr. Arens. It appears also from these returns that you also

reported over the same period that you had retained commissions in the amount of \$308,571.50?

Mr. Lonkay. Yes.

Mr. Arens. Now, is the commission figure the total commission it retained by you or is the total of the commissions which you deducted from IKKA orders, which commissions you divided with your agents?

Mr. Lonkay. That was a gross commission.

Mr. Arens. A gross commission?

Mr. Lonkay. Not only business expenses, other expenses.

Mr. Arens. Did you subsequently lose your contract with IKKA?

Mr. Lonkay. Yes.

Mr. Arens. When?

Mr. Lonkay. Around the revolution because --

Mr. Arens. In '56?

Mr. Lonkay. In '56 -- early '57, I guess it was in January.

Mr. Arens. Tell us the circumstances of the loss of your contract with IKKA.

Mr. Lonkay. I know about that. I press them and ask them to tell me what was the reasons. They had no reasons whatsoever and all were satisfied. That was just the way they answered the letter because I was surprised. Later I learned I was practically stabbed in the back by the 2 other agents who --

Mr. Arens. 2 other agents who have contracts with IKKA?

Mr. Lonkay. Yes. Similar contracts they had in New York that I had.

Mr. Arens. Just a moment, sir. Who are the 2 other agents?

Mr. Lonkay. One is United Gift Parcel Service I guess known as, a fellow called Brack; and the other is Joseph Brownfield.

Mr. Arens. What is his company?

Mr. Lonkay. I guess it's his own name.

Mr. Arens. I see.

Following the loss of your IKKA contract have you continued to solicit IKKA parcels?

Mr. Lonkay. I did not because when I lost the contract, I was just figuring what to do because once all the customers relied on me and really stuck to me because they had confidence. I was wondering what to do when one day Mr. Brownfield called me. He called me and asked me what I am doing now. "Your contract expires." I asked him, "What do you know?" He said, "We know; we have information."

I am sure at the same time they stopped the parcels after the revolution to Hungary because you know at that time Hungary was really very badly in need of gift parcels and had to discard the whole Communist principle and opened the country to everybody to send gift parcels from anywhere, Vienna, Italy, Trieste, and Denmark to their relatives who were just there without anything.

So that was the law, that it would be allowed for 6 months. Then all of a sudden they stopped that, the Communists did, and

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they stopped that in I guess it was the end of February or the end of March. They stopped it simply because they were losing business. I mean nobody sent IKKA parcels during that period because the prices of IKKA parcels were at least 5 or 6 times or 10 times as high as the parcels you could send from Vienna duty-free. So everybody sent those parcels.

I guess Mr. Brack together with Mr. Brownfield were the instigators because the Hungarians in New York picketed his business at that time. He stopped that, for the Hungarians to send their relatives 5,000 times the merchandise that they were compelled to send, through IKKA and are compelled to send through IKKA today.

Mr. Arens. With which of the existing companies possessing IKKA contracts do you transmit IKKA parcels?

Mr. Lonkay. I tell you how it happened. Excuse me. One day he called me. It was a few days before they terminated the contract. I said, "How do you know?" He said, "I know."

I don't know what I am going to do now. "Wouldn't you consider to sell it to me?" I said, "I don't know. I don't want to go into any discussion with you unless in the office of my lawyer."

I knew that these people are absolutely taking advantage of everything. So I wanted to be in the presence of my lawyer. The next day I made an appointment. There he says that he showed a letter that is interesting, a letter from IKKA in which IKKA

forbids him to do anything with Globus, to buy or pay any royalty or anything. They are even instructing an American Company not to deal with another American Company, anything, which is just a business between these 2 American companies.

So I said to him, "What if you can't do that, why did you show me this letter and why did you call me?"

He said because he wants to buy together with Mr. Brack my customer list. I said, "I don't want to do anything with Mr. Brack. I am not interested whatsoever." So he said, "I am just showing to you that I have to do it with him because I am afraid he is going to stab me in my back just as I did it with you."

So I said, "Well, it is not my business." That was all in the presence of my lawyer. We made an agreement, you know. According to this agreement he committed himself to solicit the parcels from my customers. I gave him a list, I mean all the names of the customers, and he is paying a certain amount monthly to me.

Mr. Arens. Did you have a lawsuit over the matter?

Mr. Lonkay. Oh, yes.

Mr. Arens. Give us just a brief word about that, not the details, just a brief word about it.

Mr. Lonkay. There was a lawsuit. He broke this agreement. He made the agreement, signed it, and everything. He broke it, and then I had to sue him. He gave a check and didn't honor the check. This lawsuit is everything, of course. But later he came

back. He was afraid. I don't know why, because we had already, on the first instance we wanted it so he made an agreement.

Mr. Arens. Are there companies located outside of the United States who are engaged in parcel business and shipments to Hungary?

Mr. Lonkay. You mean IKKA agents?

Mr. Arens. Yes. Are there companies that are outside of the United States?

Mr. Lonkay. There is a company in Toronto or in Montreal, I guess, who is Alexander Kelen, an agent of IKKA.

Mr. Arens. Do these companies have contracts with IKKA?

Mr. Lonkay. Yes, he has a contract with IKKA.

Mr. Arens. Are there companies that ship into Hungary without contracts with IKKA?

Mr. Lonkay. I don't think so. You can't do that. You can send old clothing.

Mr. Arens. Are there companies outside of the United States through which parcels can be sent cheaper than can parcels in the United States by IKKA companies?

Mr. Lonkay. The same parcels?

Mr. Arens. Yes.

Mr. Lonkay. I don't think so. I don't know. I don't think so.

Mr. Arens. Are the charges made to the other companies comparable to the prices charged by American companies with IKKA

contracts.

Mr. Lonkay. I guess IKKA has a price list for all the other agents all over the world, the same price list.

Mr. Arens. Does CARE operate in Hungary?

Mr. Lonkay. I don't know. I knew that they are planning to operate, and I knew the plan, Colonel Kovach who was appointed to go to Hungary and they stopped that.

Mr. Arens. Why did the Hungarian government not permit CARE to operate there?

Mr. Lonkay. It is very simple, because of course today they are scheming on the whole gift parcel business, and they would lose the whole business. Nobody would send parcels through IKKA if CARE would be there or even if gift parcels could be sent by any other company, not by CARE, because CARE is even lower than a private organization in Vienna or Austria, but they wouldn't permit even that.

Mr. Arens. Let us assume, just for the sake of argument, that Mr. Brown who is in the United States has a cousin in Hungary.

Mr. Lonkay. Yes.

Mr. Arens. And the cousin is in very bad need of a suit of clothes.

Mr. Lonkay. Yes.

Mr. Arens. And some food.

Mr. Lonkay. Yes.

Mr. Arens. The man in the United States has the food and clothing.

Mr. Lonkay. Yes.

Mr. Arens. He puts it in a box and takes it to the post office.

Mr. Lonkay. Yes.

Mr. Arens. And says, "I want to send that to my cousin in Hungary to relieve his suffering, and I will pay the postage on it." Can he do so?

Mr. Lonkay. He can, but the parcel will never arrive.

Mr. Arens. Why not?

Mr. Lonkay. Because the parcel will be there in Hungary, and of course the customs inspection won't let it go through or they would put such a terribly high customs duty on that that he couldn't afford to pay.

Mr. Arens. Is it a safe characterization of what you are saying here that the Communist government in Hungary is insistent that all relief packages, food and clothing, and the like, going into Hungary go through IKKA, their own trading organization with the exorbitant fees for the purpose of getting hard American currency?

Mr. Lonkay. Definitely. I would say except used clothing, which you can send, used clothing to your relatives, nothing else. There is a limitation, 2 parcels to each addressee a year.

Mr. Arens. How about food?

Mr. Lonkay. Food you can't. You can send small little things, I guess, a quarter of a pound of tea and a half pound of coffee. They have some sort of regulation, but nobody would care to do that because the expenses would be even more exorbitant than the help they could render to their relatives because they would get such a small volume of merchandise and that would cost so much.

Mr. Arens. Is IKKA still in operation or does it have another name?

Mr. Lonkay. I don't know. I guess it is still in operation.

Mr. Arens. Do you have an estimate of the amount of revenue over and above the value of the merchandise which IKKA takes in a year?

Mr. Lonkay. You mean what profits they make?

Mr. Arens. Yes.

Mr. Lonkay. Well, I know that, for instance, their charge for coffee, which is a most popular item, I guess they charge \$5 for a pound or something like that and it costs them perhaps 10¢ or 15¢, not more, because they buy the lowest type of coffee and they buy it in Africa or at the cheapest price that they can buy it in carloads. It doesn't cost them more. If they are very generous, 20¢ today.

Mr. Arens. Off the record.

(Discussion off the record.)

Mr. Arens. Do you have another comment?

Mr. Lonkay. I just wanted to find out Brownfield's opinion.

I asked him why did they cancel my contract. He said, "I will tell you." He just said, "Because you didn't want to cooperate with them."

Mr. Arens. Off the record.

(Discussion off the record.)

Mr. Arens. Mr. Chairman, there are a number of documents which have come into the hands of the committee ^{via} the Department of Justice and other sources and from the witness, Mr. Lonkay, who has been most cooperative in discussing this matter and in furnishing statistical data to us. I therefore respectfully suggest that each and every one of these documents be appropriately marked and incorporated by reference in this record.

Mr. Doyle. It will be so ordered.

Mr. Arens. I have no further questions. Mr. Lonkay.

Mr. Appell has a couple questions he would like to ask him, please, Mr. Chairman.

Mr. Appell. After the revolution when the Hungarians were permitting all types of parcels to come into the country outside of the IKKA operation, was influence brought upon them to your knowledge by either Joseph Brownfield or Martin Brack which stopped this free parcel business?

Mr. Lonkay. Yes. I was quite reliably informed that Mr. Brack instigated the whole thing during his personal visit there in Vienna. While he was there then this law in Hungary was changed and instead of leaving it until the end of June they cut it down

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by 3 months so that these parcels which were actually a blessing to the Hungarians, they just stopped. They were forced back again to the IKKA parcels. That was common knowledge because the Hungarians in New York picketed his business and not only that but I heard from an advertising man who told me that he met his secretary, a woman who runs his business. She said in that Hungarian paper on the front page, don't support the Communist Hungarians because they are just robbing your money until the reinstatement to the end of June, and that went on in 2 copies of that paper every day. All of sudden it disappeared you know.

Then this man, one sub-agent of mine who is in New York, you know in New York, he called me and said, "You know I met that girl from Brack because he is in Miami, Florida, and arranged to send you a paper with no more of this stopping of gift parcels to Hungary." So that he bought the paper or paid some advertising or something like that.

Mr. Appell. When this thing was suddenly cut off there, were many, many parcels in route to Hungary?

Mr. Lonkay. Yes.

Mr. Appell. And these parcels were being held up?

Mr. Lonkay. Never delivered.

Mr. Appell. For payment of customs duty?

Mr. Lonkay. Yes.

Mr. Appell. Brack then sent a telegram to the Hungarian government in which he urged them to make delivery of these

parcels?

Mr. Lonkay. Yes.

Mr. Appell. To your knowledge were these parcels ever delivered?

Mr. Lonkay. I don't know anything about that, but what Brack says I don't believe a single word of this.

Mr. Appell. Brack takes credit and took credit in advertisements for having all of these parcels delivered and he left the impression in the public press at that time as though he was a great savior of the people?

Mr. Lonkay. Yes.

Mr. Appell. But as you understand it, he was the man responsible for stopping the free parcels?

Mr. Lonkay. There is no doubt about that. That is the system which he used all the time, this double-crossing. In one way he stabbed somebody and the other way he is just anxious to show that he didn't do it, you know.

Mr. Arens. All right, sir. Do you have another question?

Mr. Appell. Mr. Brack is now in Florida?

Mr. Lonkay. Yes.

Mr. Appell. To your knowledge does he plan to remain there?

Mr. Lonkay. I don't know. I have no contact whatsoever with him.

Mr. Appell. This secretary that you are referring to, did she later become his wife?

Mr. Lonkay. He married this secretary, yes.

Mr. Appell. That is all.

Mr. Arens. Mr. Chairman, thank Mr. Lonkay for his cooperation.

Mr. Doyle. We thank you very much.

Mr. Lonkay. Thank you, gentlemen.

Mr. Doyle. Congressman Tuck, do you want to question?

Mr. Tuck. I might ask one question.

Mr. Lonkay. Yes, please.

Mr. Tuck. As I understand a summary of your testimony is that on the packages that went in free, that the price charged was either prohibitive or the package was confiscated?

Mr. Lonkay. Which kind of packages? If you mailed from here, Congressman? You asked before. Well, they will never deliver that parcel. The United States mail accepts the parcel to send it.

Mr. Tuck. They confiscated the parcels?

Mr. Lonkay. What they do with the parcel I don't know. Most probably they confiscate the parcel on certain pretext, you know. They can use it. The material is good for them. They are anxious those people shouldn't get it. I mean the principle, the basic principle was always to prevent the people who are anti-Communist in Hungary to live on a better standard than the Communists can afford for their own supporters. If you send parcels to Hungary freely then, of course, first of all it would show

that America isn't bankrupt, because even if the Hungarians in America can support their relatives, and on the other hand, it would show in Hungary that people who are actually not cooperative or squeezed out from the Communist regime, they can still live better than the Communist can afford their own people.

Mr. Tuck. In addition to that reason, too, they have a financial reason?

Mr. Lonkay. Besides that there is a financial reason. That is all one picture, yes.

Mr. Doyle. May I ask you a couple questions? Is that all, Governor.

Mr. Tuck. Yes, sir.

Mr. Lonkay. Yes, sir.

Mr. Doyle. Did you ever receive any letter or communication from any of your customers in Hungary?

Mr. Lonkay. Yes.

Mr. Doyle. Stating that they had not received any package which you knew had been shipped to them?

Mr. Lonkay. Well, very seldom. They were very careful to avoid any open crockery. You know they delivered the parcels. We had some difficulties occasionally with addresses with the people, they couldn't find the people because they moved or something like that. But eventually they delivered.

There was one exception at the end when we settled finally, and they wanted to draw on my letter of credit a certain amount

which according to my figure I didn't owe them. And I stopped the letter of credit. Then they had to send me the receipts freely through my bank before they got the money on the letter of credit, and I checked with them and there were a few thousand dollars' receipts which were already paid. They were duplicate receipts.

They wanted to cash that money again on my letter of credit. Whether that was intentional or it was a mistake I don't know. But anyhow it was typical that just at the end of our connections they did such a thing and never before.

Mr. Doyle. How much money did you pay them in that final settlement?

Mr. Lonkay. In that final, what they wanted to draw which I would never have gotten back from them I am sure, that was around \$2,000, between \$2,000 or \$3,000.

Mr. Doyle. Was this Mr. Brack, you say is in Florida, was he a party to this lawsuit in New York?

Mr. Lonkay. Oh, yes. And he even gave a sworn affidavit that was full of lies, you know.

Mr. Doyle. He was one of your agents previously?

Mr. Lonkay. No.

Mr. Doyle. No?

Mr. Lonkay. No. He was an agent for IKKA.

Mr. Doyle. Were you the plaintiff in that suit?

Mr. Lonkay. I sued them, yes, of course. I sued Brownfield,

you know. But he dragged in Brack.

Mr. Doyle. Did you ever receive any written letter or communication from IKKA yourself?

Mr. Lonkay. About what?

Mr. Doyle. After the Communists took over.

Mr. Lonkay. We were in correspondence with them. We were in business relations. You mean privately?

Mr. Doyle. Oh, no. When the Communists took over in Hungary?

Mr. Lonkay. Yes.

Mr. Doyle. Did you receive after that any written communication from IKKA?

Mr. Lonkay. We made a contract, an agreement, and this agreement is deposited with the Justice Department.

Mr. Doyle. Did they ever notify you that your contract was cancelled?

Mr. Lonkay. Yes.

Mr. Doyle. What did they say in that letter?

Mr. Lonkay. They just simply said in that letter that up to that date they cancelled the agreement, and it will be terminated on that and that day. That was all.

Mr. Doyle. Did it not say why?

Mr. Lonkay. No.

Mr. Doyle. I do not have any more questions.

Mr. Arens. Do you have any information respecting any

Communist connections of Brack or Brownfield?

Mr. Lonkay. I am sure they have connections because he told me, Brownfield told me during the negotiations, he just warned me in a way, he just advised me that not to do anything with this Canadian agency, that he was afraid that I will give the customers to that Canadian agency. He said I tell you if you do that, if you think of doing that I can finish it with IKKA. He has connections. He suggested that. They were very close. I mean they were definitely in a certain way connected. Otherwise they wouldn't have got such a hold of them.

Mr. Doyle. We want to thank you very much again for coming and for cooperating.

Mr. Lonkay. That you very much for giving me this opportunity.

(Whereupon, the hearing in the above-entitled matter was recessed at 10:55 to be reconvened at 10 a.m. on Wednesday, March 18, 1959.)